

Application Of Southern California Edison
Company (U 338-E) For Approval Of Its Forecast
2018 ERRR Proceeding Revenue Requirement.

Attorneys for the
Public Agency Coalition

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Application No. 17-05-006
(Filed May 1, 2017)

In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Public Agency Coalition (“PAC”) submits this response to the application filed by Southern California Edison Company (“SCE”) in the above-captioned docket (“Application”).

PAC is a regulatory coalition comprised of three public agencies that use direct access service to provide for “community aggregation” – the cities of Cerritos and Corona, and the Eastside Power Authority. “Community aggregation” refers to the provision of direct access service by a public agency to customers located exclusively within the public agency’s jurisdiction. In doing so, PAC’s participants operate more like local publicly owned electric utilities (“POUs”) than electric service providers or community choice aggregators.¹

¹ See, e.g., Decision (“D.”)11-09-002; Ordering Paragraph 2-3 (allowing Cerritos to participate in the statewide renewables portfolio standard program under requirements and procedures applicable to POUs).

pumping operations, and the remaining part of the load predominantly serves public benefit functions, like schools and key businesses within the community. Accordingly, inequities associated with so-called non-bypassable charges (“NBCs”) have a negative effect on the public benefit received from community aggregators.

PAC has participated in past ERRA proceedings for the purpose of addressing various matters related to SCE’s proposed Power Charge Indifference Adjustment (“PCIA”). The PCIA is an NBC paid by direct access customers in order “to maintain bundled customer indifference” when direct access customers depart from bundled procurement service.² As described by SCE, the PCIA is a subpart of the “Indifference Amount,” which is “the difference between the forecasted annual cost of the generation portfolio procured by SCE (“Total Portfolio Cost”), and the forecasted market value of that portfolio. . .”³ As further described by SCE, the [Competition Transition Charge (“CTC”)] and PCIA are set such that the sum of the two equals the Indifference Charge.⁴

The Commission has established the investor-owned utilities’ (“IOUs”) ERRA proceedings as the forum for examining and litigating matters related to the Indifference Amount and its associated NBCs.⁵ Accordingly, it is both proper and necessary for the Commission to seriously examine in this proceeding issues associated with SCE’s proposed Indifference Amount and its subparts.

² See D.11-12-018 at 9.

³ See ERRA Testimony at 93.

⁴ ERRA Testimony at 94 (citing D. 06-07-030).

⁵ See, e.g., D.08-09-012 at 69 (“[I]ssues regarding consistency of the implementation and calculation of the CRSs with respect to this decision can be raised and litigated in the forecast phase of the IOUs’ ERRA proceedings.”). See also D.11-12-018 at 8 (“The indifference amount is updated annually in each IOU’s Energy Resource Recovery Account (ERRA) proceeding.”).

II. RESPONSE

PAC requests that the Commission consider and address in this proceeding certain issues that have arisen with respect to the PCIA. In this regard, PAC makes three brief statements. First, in last year's ERRA proceeding (A.16-05-001) parties explored "whether pre-2009 departing load customers should remain responsible for PCIA costs."⁶ The Commission noted that "[t]hese issues have also been placed at issue in the 2017 ERRA forecast proceedings for Pacific Gas and Electric Company (PG&E) in A.16-06-003 and for San Diego Gas & Electric Company (SDG&E) in A.16-04-018."⁷ As a result, the Commission reserved "this limited issue to be addressed and resolved in the second phase of this proceeding in 2017."⁸ In fulfillment of the Commission's expectation,⁹ the Commission consolidated 2017 ERRA proceedings for the purpose of addressing this limited issue.¹⁰ The Commission's consideration and determination in the consolidated proceeding will undoubtedly have an effect on SCE's proposal in this proceeding. As it is now, SCE proposes that there will be a PCIA for pre-2009 vintages.¹¹ The consolidated 2017 ERRA proceedings could produce a result in which there is no PCIA for pre-2009 vintages. The Commission should address in this proceeding how such an outcome will be handled.

Second, it appears now that SCE is taking a position contrary to the position it took in last year's ERRA proceeding. In last year's proceeding, "SCE argue[d] that pre-2009 vintaged DA

⁶ See, e.g., D.16-12-054 at 10-11.

⁷ D.16-12-054 at 10.

⁸ D.16-12-054 at 11

⁹ See D.16-12-054 at 11, note 23.

¹⁰ See *Administrative Law Judge's Ruling Consolidating Proceedings and Establishing Phase II*, dated May 22, 2017 (filed in A.16-05-001, A.16-04-018 and A.16-06-003).

customers should continue to be charged a PCIA into the future.”¹² SCE recently joined with the other IOUs in submitting an application seeking to replace with the current PCIA methodology with a so-called Portfolio Allocation Methodology (“PAM”). The PAM is being considered in A.17-04-018. In that proceeding, SCE reversed its position and is now stating that pre-2009 vintaged customers “should no longer be responsible for PCIA.”¹³ In light of SCE’s new position, it is unclear why SCE has proposed a PCIA in this proceeding for pre-2009 vintages. SCE should expressly clarify its position with respect to the PCIA for pre-2009 vintages. Moreover, the Commission should address in this proceeding how this issue will be handled.

Third and finally, PAC is puzzled by a statement SCE made in the PAM proceeding that appears to have a direct bearing on an issue that has been decided in SCE’s ERRA proceedings. In D.14-05-003, D.14-05-022 and D.15-10-037, the Commission approved and applied the so-called Consensus Protocol to various costs associated with the San Onofre Nuclear Generating Station (“SONGS”). The Commission re-opened its investigation into SONGS-related costs (I.12-10-013), and the Commission recently extended the meet-and-confer process to allow parties further opportunity to continue discussions with the assistance of a mediator. It is very possible that a result of the re-opened investigation (either through settlement or litigation) will be an additional credit or offset to SCE’s bundled service customers to reflect additional contributions to SONGS made by SCE’s shareholders. If this were to occur, the Consensus Protocol would apply a symmetrical offset or credit to direct access customers. However, SCE made an odd statement as part of its PAM application. Specifically, SCE states as follows:

[SCE] reserve[s] the right to seek Commission approval of future [utility-owned generation] cost allocation should circumstances so warrant. In fact, one such particular

¹¹ See ERRA Testimony at B-5.

¹² D.16-12-054 at 10.

¹³ See Joint IOUs-01 at 33, note 60.

scenario is currently before the Commission in the 2017 ERRR Forecast Phase 2 proceedings, specifically regarding ongoing cost recovery from 2001 vintage departing load customers related to SCE's and SDG&E's retired San Onofre Nuclear Generating Station (SONGS). This issue is known as the DA Consensus Ratemaking Proposal (approved by the Commission in D.14-05-003 and D.14-05-022). SCE...view[s] that issue as settled and final, but to the extent that departing load customer groups dispute that Commission-approved cost allocation mechanism, it should continue to be litigated in the 2017 ERRR Forecast Phase 2 proceedings.¹⁴

It is unclear to PAC what SCE intends by this statement. PAC would strongly contest any interpretation by SCE that holds that SCE is no longer responsible for providing a credit to direct access customers under the Consensus Protocol if I.12-10-013 results in a credit to bundled service customers. Moreover, it is unclear to PAC how SCE would apply a credit to direct access customers under the Consensus Protocol if SCE were to eliminate the PCIA, as described above. In this proceeding, SCE should clarify its intent and should explain how it would apply a credit to direct access customers if the PCIA were eliminated. These matters should be addressed by the Commission in this proceeding.

III. PROCEDURAL MATTERS

PAC summarily addresses the following procedural matters:

- Pursuant to Rule 1.4(a)(2), PAC hereby requests party status in this proceeding, and requests that the undersigned attorney be listed as "interested party" in this proceeding.
- Pursuant to Rule 2.6(d), PAC states that hearings in this proceeding may be required to address the factual issues described herein and possibly other issues.
- PAC has no comments at this time regarding SCE's proposed schedule.

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¹⁴ Joint IOUs-01 at 33, note 60.

IV. CONCLUSION

PAC appreciates the Commission's consideration of the matters addressed herein.

Dated: June 7, 2017

Respectfully submitted,

/s/ Scott Blaising

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